

Message Text

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E. O. LL652:NA

TAGS: PGOV, PINT, UK

SUBJECT: OPPOSITION JOINS LABOR LEFT IN MUSCLE-FLEXING

EXERCISE TO DEFEAT GOVERNMENT

REF: LONDON 10476

1. SUMMARY: LABOR LEFT-WINGERS, SUPPORTED BY CONSERVATIVE OPPOSITION, SUCCEEDED IN INFLICTING DEFEAT OF GOVERNMENT IN COMMONS DEBATE JULY 13 (1990 TO 170). ISSUE WAS TAXATION OF PENSIONS OF WAR WIDOWS, A RELATIVELY MINOR PART OF FINANCE BILL, BUT ONE WITH ENOUGH HEART-TUG TO GAIN SUPPORT ON BOTH SIDES. ALTHOUGH NOT DIRECTLY RELATED TO GOVERNMENT PROGRAM TO CUT PUBLIC EXPENDITURES OR TO RECENT CONTROVERSY OVER POSTPONEMENT OF CHILD BENEFIT SCHEME (REFTEL), ISSUE PROVIDED OPPORTUNITY FOR LEFT-WING AND OPPOSITION TO GET TOGETHER

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TO DEFEAT GOVERNMENT. END SUMMARY.

2. LEFT-WING GROUP OF LABOR MPS, WITH ASSISTANCE OF CONSERVATIVE OPPOSITION AND OTHER SCATTERED SUPPORTERS, INFLECTED DEFEAT OF GOVERNMENT IN COMMONS DEBATE JULY 13 OVER ISSUE OF TAXATION OF PENSIONS OF WAR WIDOWS BY VOTE OF 190 TO 170. THE ISSUE AROSE IN CONNECTION WITH CONSIDERATION OF THE HOUSE OF THE FINANCE BILL AND IS, IN ITSELF, A RELATIVELY UNIMPORTANT ISSUE.

3. DEBATE AROSE OVER AN AMENDMENT TO FINANCE BILL PROPOSED BY LABOR MEMBER WHICH EXEMPTS FROM TAXATION PENSIONS PROVIDED TO WAR WIDOWS; BECAUSE OF RECENT INCREASES OF PENSIONS, WAR WIDOWS WOULD UNDER GOVERNMENT'S PROPOSAL HAVE LOST MOST OF EFFECTIVE INCREASE THROUGH OBLIGATION TO PAY TAX. WITH ITS OBVIOUS EMOTIONAL APPEAL, AMENDMENT WAS ACCEPTED BY HOUSE WITH GOVERNMENT'S OPPOSITION BY 190 VOTES TO 170.

4. THE TIMES OF JULY 14 CALLED GOVERNMENT'S DEFEAT "HUMILIATING." IT WAS NOT MUCH MORE THAN AN EMBARRASSMENT; IT DOES, HOWEVER, GIVE FURTHER EVIDENCE OF THE GOVERNMENT'S INEPTITUDE IN HANDLING LEGISLATION, THE CONFUSING STATE OF AFFAIRS CURRENTLY IN WHICH A TAX PROPOSAL RUNS AFOUL OF GENERALLY ACCEPTED SOCIAL POLICIES, AND THE THREAT TO THE GOVERNMENT POSED BY COOPERATION (FOR A VARIETY OF REASONS) BETWEEN THE LABOR LEFT AND THE CONSERVATIVE OPPOSITION.

5. THE DEBATE WAS REMINISCENT OF AN EARLIER ONE ON POSTPONEMENT OF THE CHILD BENEFITS SCHEME (REFTEL), IN WHICH THE OPPOSITION ALSO VOTED WITH THE LABOR LEFT. THE EARLIER DEBATE, HOWEVER, PROVIDED MUCH CLEARER BATTLELINES ON THE ISSUE OF PUBLIC EXPENDITURE CUTS, WHICH WERE BUBBLING IN THE BACKGROUND BUT NEVER QUITE SURFACED JULY 13.

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